

Message Text

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 OMB-01 TRSE-00 /070 W

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R 171932Z MAR 75

FM AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: IMPASSE IN RENAULT PLANTS

REF: PARIS 04541

1. S//MMARY. AGITATION IN RENAULT, NOW IN ITS FIFTH WEEK, HAS TAKEN ON MORE AND MORE APPEARANCE OF ENDLESS POKER GAME WHERE BOTH PLAYERS ARE CAUTIOUSLY RAISING THEIR BETS BUT NEITHER IS PREPARED TO TAKE ANY RISKS TO FORCE THE OTHER'S HAND. LATEST ESCALATING ACTION WAS TAKEN BY COMPANY THROUGH WARNING THAT UNLESS SLOW-DOWN IN LE MANS PLANT CEASES ENTIRE PLANTS MAY CLOSE DOWN COMPLETELY. CGT ANSWERED BY CALLING A WORKERS MARCH FROM BILLANCOURT (SUBURB OF PARIS AND LOCATION OF BIG RENAULT PLANT) TO LABOR MINISTRY. MANAGEMENT, WITH SUPPORT OF GOF, SEEMS DETERMINED TO STAND FIRM ON THEORY THAT IT CANNOT LOSE NO MATTER HOW SITUATION DEVELOPS. POLITICAL UNDERTONES INTRODUCED FROM THE BEGINNING BY PCF INITIATIVE HAVE COMPLICATED

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THE SITUATION BUT AT SAME TIME IMPARTED TO IT AN

ADDED SIGNIFICANCE. END SUMMARY.

2. THE STATE OF THE PLAY. ON SURFACE SITUATION SEEMS AT IMPASSE. CGT-CFDT UNABLE TO ORDER MASS MOVEMENT OF STRIKES AT RENAULT PLANTS HAVE RESORTED TO HARASSMENT TACTICS EXEMPLIFIED BY SHORT WORK STOPPAGES BY KEY GROUPS OF WORKERS CAPABLE OF STOPPING PRODUCTION EVEN IF REMAINING WORKERS DO NOT GO ALONG. THIS AND SLOW-DOWN TACTIC (EUPHEMISTICALLY CALLED BY CGT AS "STRIKE OF ENTHUSIASM") HAVE BEEN PARTICULARLY SUCCESSFUL IN LE MANS PLANT WHERE LOCAL PC ORGANIZATION IS STRONG AND WORK FORCE HAS ONE FOOT IN THE PLANT AND THE OTHER IN THE FIELDS. IMPORTANCE OF LE MANS IS THAT IT MAKES PARTS NEEDED BY OTHER PLANTS, THEREFORE A SLOW-DOWN IN LE MANS AFFECTS ENTIRE COMPANY. CONSEQUENTLY COMPANY REPORTS THAT LE MANS OUTPUT DROPPED BY 65 PERCENT CAUSING PRODCU PRODUCTION LOSS OF 20,000 VEHICLES.

3. IN RESPONSE MANAGEMENT ORDERED SELECTIVE REDUCTIONS IN WORK SCHEDULES AND THREATENED MORE OF THE SAME IF SITUATION IN LE MANS DOES NOT RETURN TO NORMAL. FURTHERMORE, MANAGEMENT CHARGED 17 WORKERS (OF WHOM 3 UNION DELEGATES) IN BILLANCOURT PLANT WITH ILLEGAL ATTEMPTS TO INTERFERE WITH RIGHT TO WORK AND IS PREPARING TO FIRE THEM. THIS BECAME ADDITIONAL ISSUE ON UNION LIST OF DEMANDS WHICH INTERESTINGLY ENOUGH WAS PUT TOGETHER AFTER WORK STOPPAGES BEGAN. DEMANDS INCLUDE:

A. IMMEDIATE OPENING OF NEGOTIATIONS ON CLASSIFICATION SYSTEM WHICH COMPANY IS ALREADY COMMITTED TO BEGIN 18 MARCH. HOWEVER COMPANY HAS IMPLIED THAT THESE NEGOTIATIONS MAY BE SUSPENDED IF LE MANS SITUATION DOES NOT IMPROVE.

B. UNIFORM 250 FRANC INCREASE PER MONTH TO ALL 100,000 RENAULT EMPLOYEES WHICH MANAGEMENT CONSIDERS TOTALLY UNACCEPTABLE SINCE IT WILL COST MORE THAN 400 MILLION FRANCS PER YEAR IF SOCIAL CHARGES ARE ADDED.
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C. PAYMENT OF ALL HOURS LOST THROUGH REDUCED WORK SCHEDULES.

4. THE PUZZLE. SEVERAL ELEMENTS ARE PUZZLING TO BOTH KNOWLEDGEABLE OBSERVERS AND GENERAL PUBLIC AS THEY ARE TRYING TO FATHOM WHAT IS REALLY BEHIND THE RENAULT AGITATION. FOR EXAMPLE, WHY ALL THIS SHOULD

BE HAPPENING IN RENAULT WHOSE SALARIES AND PRACTICES
ARE AMONG MOST PROGRESSIVE IN FRANCE AND WHOSE JOBS
AND FINANCES DEPEND SO MUCH ON RETAINING FAVORABLE
COMPETITIVE POSITION IT HAS ENJOYED IN INTERNATIONAL
AUTOMOBILE INDUSTRY?

5. ALSO, WHY PCF AND CGT SHOULD HAVE SELECTED

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COME-00 EB-07 LAB-04 SIL-01 OMB-01 TRSE-00 /070 W

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R 171932Z MAR 75

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RENAULT AS A TARGET FOR POLITICAL AGITATION WHEN
RENAULT HAS BEEN HELD UP BY THE LEFT AS CONCLUSIVE
DEMONSTRATION OF SOUNDNESS OF NATIONALIZATION APPROACH
TO BIG BUSINESS? SINCE PCF WAS AT ORIGIN OF PRESENT
SITUATION WHAT WAS ITS PURPOSE AND WAS IT ATTAINED?
IN LIGHT OF RANK AND FILE'S CAUTIOUS ATTITUDE WHY CGT
PERSISTS (OR DOES IT?) WITH AGITATION, ESPECIALLY
SINCE RENAULT'S RAPID CONCESSIONS IN INITIAL STAGE OF
STRIKE (REFTEL) GAVE OPPORTUNITY TO CGT TO CRY VICTORY.

6. CONSPIRACY THEORY AGAIN. THESE QUESTIONS GAVE RISE (FOR A WHILE) TO SPECULATION ABOUT POSSIBLE COLLUSION (AT LEAST TACIT ONE) BETWEEN RENAULT AND CGT WHEREBY IN RETURN FOR FUTURE FAVORS CGT AGREED TO CREATE A TYPE OF LIMITED LABOR AGITATION WHICH WOULD ALLOW MANAQUEMENT TO REDUCE WORK SCHEDULES. ASSUMPTION BEHIND THIS VIEW IS THAT RENAULT CONFRONTED WITH GROWING INVENTORIES (140,000 LIMITED OFFICIAL USE

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CARS) DECIDED WISELY THAT IN ORDER TO AVOID PSYCHOLOGICAL IMPACT OF LAY-OFFS IN FRANCE'S KEY INDUSTRY, IT WOULD BE BEST TO PRESENT THE REDUCTIONS IN WORK WEEK AS RESULT OF LABOR CONFLICT.

7. THIS SPECULATION DREW SUPPORT FROM WELL KNOWN FACT THAT RENAULT'S INDUSTRIAL RELATIONS ARE BASED ON PRIVILEGED RELATIONS WITH CGT AS MAJORITY UNION (71 PERCENT IN LAST ELECTIONS). HOWEVER, RENAULT SEEMS TO HAVE BROKEN WITH THIS TRADITION WHEN LAST FEBRUARY IT SIGNED AGREEMENT WITH MINORITY UNIONS (FO, CFTC, CGC) AND FOR THE FIRST TIME DISREGARDED CGT (AND CFDT) REFUSAL TO SIGN.

8. SEDUCTIVE AS FOREGOING HYPOTHESIS MIGHT BE, WE INCLINE TO THE VIEW THAT IT REPRESENTS ANOTHER EXAMPLE OF FRENCH PROPENSITY FOR CONSPIRACY THEORY AND THAT EXPLANATION OF ORIGIN AND PROLONGATION OF "NO WAR-NO PEACE" SITUATION IN RENAULT CAN BE TRACED TO PC-PS TENSION.

9. PCF ROLE AND PURPOSE. EVER SINCE IT EMBARKED UPON A STRATEGY OF CHALLENGE TO THE SOCIALISTS THE PC HAS BECOME ALMOST COMPULSIVE IN ITS SEARCH OF WAYS TO REASSERT ITS AUTHORITY AS SOLE REVOLUTIONARY AND WORKING CLASS PARTY IN FRENCH POLITICAL SPECTRUM. HENCE ITS READINESS TO MOVE IN EVERY DIRECTION, INCLUDING ARMY, AND TO BYPASS CGT IN INTERFERING DIRECTLY IN TRADE UNION MATTERS.

10. CHOICE OF RENAULT WAS NOT ACCIDENTAL NOR INOPPORTUNE DESPITE OBVIOUS LIMITATIONS IT IMPOSES BECAUSE OF ITS BEING NATIONALIZED COMPANY. RENAULT IS KNOWN AS PC BASTION. IT HAS LARGE PERCENTAGE OF IMMIGRANT WORKERS WHO ESCAPE DIRECT CONTROL FROM FRENCH PUBLIC OPINION, CGT HOLDS MAJORITY INFLUENCE AND FINALLY RENAULT'S ASTOUNDING SUCCESS SO FAR IN WEATHERING WORLDWIDE CRISIS IN AUTOMOBILE INDUSTRY LENDS CREDIBILITY TO PC CONTENTION THAT RENAULT CAN

MEET NEW WORKERS' DEMANDS.

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11. IN ADDITION TO REFURBISHING ITS IMAGE TO OUT-SHINE PS, THE PC PURPOSE WAS TO UNDERMINE GOF AUSTERITY PROGRAM BY DEMONSTRATING TO WORKING CLASS THAT CRISIS NOT REAL SINCE BENEFITS CAN BE OBTAINED EVEN IN AUTO INDUSTRY AND THAT GOF CALL FOR DISCIPLINE IS CAPITALIST INSPIRED AND NOT TO BE HEDEED.

12. CGT INVOLVEMENT. AMIDREPORTS THAT CGT LEADERS BOTH LOCALLY AND AT NATIONAL LEVEL HAD SERIOUS DOUBTS ABOUT SUCCESS OF PC OPERATION,CGT MOVED IMMEDIATELY TO ASSUME LEADERSHIP OF AGITATION AND ESPECIALLY TO PROVIDE TRADE UNION CONTENT AND DIRECTION. CORRECTLY SENSING CAUTIOUS MOOD OF WORKERS IN RENAULT AND EVERYWHERE ELSE, CGT SOUGHT TO CORRECT IMPRESSION GIVEN BY PC THAT THIS WAS A MASS MOVEMENT OF DISCONTENT AND APPLIED INSTEAD HARASSMENT TACTICS DESCRIBED ABOVE.

13. IT HAS BEEN SUGGESTED THAT HAD IT NOT BEEN FOR CFDT AND "GAUCHIST" EFFORTS TO OUTFLANK CGT FROM THE LEFT CGT MIGHT HAVE ENDED WHOLE EXERCISE SOONER WHILE IT WAS STILL AHEAD. WHILE THIS REFLECTS ACCURATELY CGT SENSITIVITY TO ANY ACTION ON ITS LEFT IN THIS PARTICULAR INSTANCE, CGT HAD TO AVOID ANY ACTION WHICH COULD BE INTERPRETED AS REPUDIATION OF

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COME-00 EB-07 LAB-04 SIL-01 OMB-01 TRSE-00 /070 W

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PC INITIATIVE.

14. GOF RESPONSE. GOF HAS PLAYED IT COOL. IT REFUSED TO GET INVOLVED DESPITE DETERMINED CGT-CFDT EFFORTS TO BYPASS RENAULT MANAGEMENT AND DEAL WITH PRIME MINISTER BUT AT SAME TIME GOF LOST NO OPPORTUNITY TO DENOUNCE THROUGH PM SPEECHES POLITICAL NATURE OF AGITATION AND PC ROLE BEHIND IT. GOF GIVES IMPRESSION OF NOT BEING UNHAPPY AND EVEN LESS CONCERNED BY RENAULT SITUATION.

15. NOTING THE PC-CGT FAILURE TO RALLY LARGE NUMBERS OF RENAULT WORKERS PM ADVISORS HAVE ADMITTED TO LABATT THAT RENAULT SITUATION IS LIKELY TO STRENGTHEN RATHER THAN WEAKEN AUSTERITY PROGRAM, PROVIDED THAT RENAULT IS ABLE TO HOLD FIRM AND NOT FORCED TO MAKE CONCESSIONS THAT IT WAS NOT READY TO MAKE ANYWAY AS WAS THE CASE WITH CONCESSIONS LIMITED OFFICIAL USE

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OFFERED AT BEGINNING OF AGITATION. SEEN IN THIS PERSPECTIVE RENAULT'S TASK (AND PROBABLY INSTRUCTIONS) IS HOW TO DEMONSTRATE FIRMNESS WITHOUT BECOMING ANTAGONISTIC AND HOSTILE THEREBY PROVOKING A DEFIANT ATTITUDE ON PART OF WORKERS. ACCORDINGLY, MANAGEMENT'S WARNING 17 MARCH BY INDIVIDUAL LETTERS TO 96,000 WORKERS THAT UNLESS AGITATION IN LE MANS CEASES COMPANY MAY FIND ITSELF COMPELLED TO CLOSE ENTIRELY CERTAIN PLANTS IS A CALCULATING RISK. THERE IS REASON TO BELIEVE THAT GOF AND RENAULT ARE PROCEEDING ON THEORY THAT AT THIS JUNCTURE THEY CANNOT LOSE REGARDLESS OF UNION AND RANK AND FILE RESPONSE TO THEIR LATEST ESCALATION.

16. IF UNIONS BACK DOWN' WHICH WE CONSIDER MORE PROBABLE, NOT ONLY A VICTORY (MOSTLY POLITICAL) WOULD HAVE BEEN WON IN RENAULT BUT A BROADER MESSAGE WOULD HAVE BEEN DELIVERED TO EFFECT THAT WAGE AND BENEFIT CONCESSIONS WILL NOT COME EASILY IN IMMEDIATE FUTURE. IF, HOWEVER, UNIONS ARE ABLE TO MOBILIZE RANK AND FILE FOR TRADITIONAL TYPE OF STRIKE ACTION RENAULT CAN WELL AFFORD ONE. THE EVENTUAL SETTLEMENT WILL STILL LEAVE COMPANY AHEAD AND THE WARNING TO REMAINING WORK FORCE WILL BE JUST AS CLEAR.

17. THERE REMAINS THE POSSIBILITY THAT RENAULT SITUATION MAY IGNITE A BROADER CONTEST MOVEMENT RIPE FOR POLITICAL EXPLOITATION BY THE OPPOSITION. THIS DOES NOT SEEM IN THE CARDS AT THIS PARTICULAR TIME. IN OUR VIEW THE PC ERRED IN THE TIMING OF ITS RENAULT INITIATIVE. IT MOVED TOO SOON UNLESS IT DOES NOT BELIEVE ITS OWN PROPAGANDA THAT ECONOMIC SITUATION WILL CONTINUE TO GET WORSE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, LABOR STRIKES, LABOR UNIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS06809
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750093-0102
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750344/aaaabnkj.tel
Line Count: 352
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 PARIS 04541
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2003 by ShawDG>; APPROVED <16 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPASSE IN RENAULT PLANTS
TAGS: ELAB, FR, RENAULT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006